DOCUMENT RESUME

ED 200 731 CE 028 408

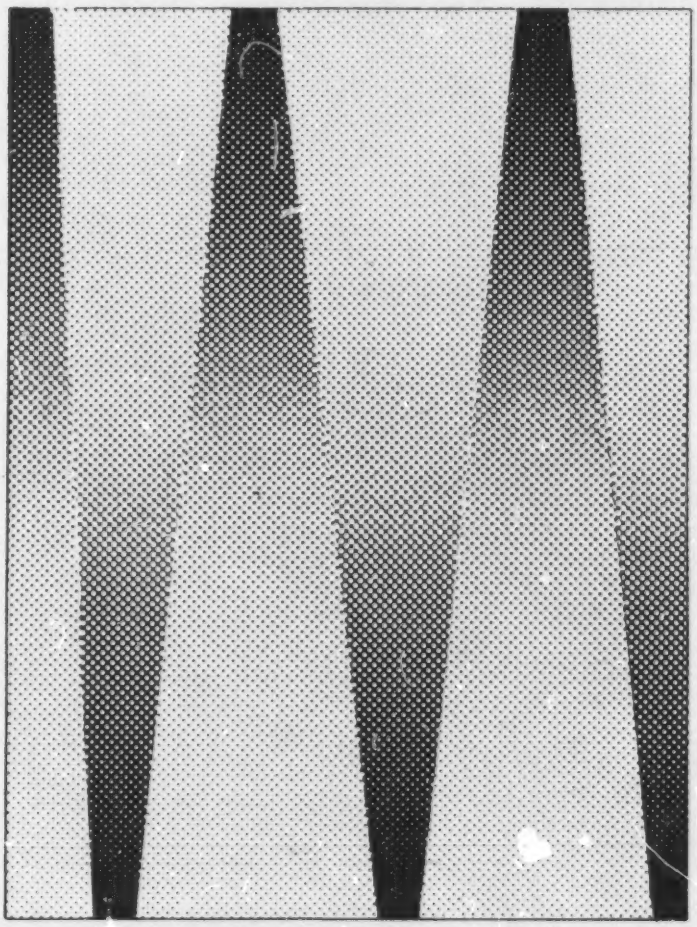
AUTHOR	French, Julia R.
TITLE	Education and Training for Middle-Aged and Older Workers: Policy Issues and Options. Worker Education and Training Policies Project.
INSTITUTION	National Inst. for Work and Learning, Washington, D.C.
SPONS AGENCY	National Inst. of Education (ED), Washington, D.C.
PUB DATE	80
CONTRACT	400-76-0125
NOTE	59p.; For related documents see CE 028 398-412.
AVAILABLE FROM	National Institute for Work and Learning, Suite 301, 1211 Connecticut Ave., N.W., Washington, DC 20036 (Order No.: PRM 7, $8.00).
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Adult Education; Age Discrimination; Aging (Individuals); *Demography; Education Work Relationship; Employer Attitudes; Employment Patterns; Employment Projections; Federal Legislation; *Job Training; Labor Education; *Middle Aged Adults; *Older Adults; Personnel Policy; Policy Formation; Postsecondary Education; *Public Policy; *Retirement; Retirement Benefits; Work Attitudes; Work Life Expectancy
IDENTIFIERS	Age Discrimination in Employment Act 1967; Social Security

ABSTRACT

The population of the United States is aging and will age even more rapidly in the coming years. Yet our public and private retirement and benefits policies continue to favor early retirement--in spite of clear demographic trends, in spite of legislation raising the mandatory retirement age from 65 to 70, in spite of the fact that many of our older citizens can't live on their pensions in these days of double-digit inflation, and in spite of the fact that fewer people are having to support pension plans for an ever-expanding group of longer-lived retirees. This monograph examines education and training policy in view of the labor force implications of this changing age phenomenon. First, the paper provides an overview of the state of existing knowledge related to aging, education, labor force retention, and retirement. Second, it provides an overview of labor force disincentives in current Social Security and private pension policies which all but push older workers into retirement, and contrasts these policies with the influences of the Age Discrimination in Employment Act (ADEA). Third, it looks at personnel policies generally and how they affect different age groups. Fourth, it looks at retirement for the individual and some alternatives to retirement. Next, it explores some of the principles of education and training and examines some precedents in human resource development which take age and aging into account. Sixth, the paper considers new levels of cooperation between education institutions and employers that use age factors in a positive manner, and then examines some of the long-term policy implications of extended working life. Finally, a series of recommendations is offered. (KC)

ED200731

Worker Education and Training Policies Project



Education and Training for Middle-Aged and Older Workers: Policy Issues and Options

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY

A. E. Lapointe

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Julia R. French

1980

CE 028 408

2

$8.00

This is one in a series of policy research monographs commissioned by the Project on Worker Education and Training Policies of the National Institute for Work and Learning.* Funding support for this project and the commissioned papers was provided by the National Institute of Education, U.S. Department of Education under contract number 400-76-0125.

The authors of the policy research papers in this series are knowledgeable analysts both from within and without the National Institute for Work and Learning. Their charge was to explore one or more issue areas which the project identified as being of significant interest to public and private sector decision makers concerned with shaping worker education and training policy and practice for the coming decade. Authors were asked to synthesize the relevant research bearing on the issue areas, to assess the knowledge base with a view to discerning the points of public and private policy relevance, and to use their best independent professional judgements in offering recommendations for action.

Therefore, it is important to note that the opinions and points of view presented in this and other papers in this series do not necessarily represent the official positions or policy of either the National Institute of Education or of the National Institute for Work and Learning.

Copyright © 1980 by the National Institute for Work and Learning. All rights reserved.

"Copyrignt is claimed until February 5, 1985. Thereafter all portions of the work covered by this copyright will be in the public domain." Per copyright authorization agreement dated 2/5/80, docket No. 860-80 between the National Institute of Education, U.S. Department of Education, and the National Institute for Work and Learning.

Formerly the National Manpower Institute

THE NATIONAL INSTITUTE OF EDUCATION

U.S. DEPARTMENT OF EDUCATION

HAS PROVIDED THE FUNDING SUPPORT
NECESSARY FOR THE DEVELOPMENT OF
THIS POLICY RESEARCH MONOGRAPH.

ABOUT THE AUTHOR:

JULIA R. FRENCH

Ms. Julia French is currently Research Librarian and a Research Associate at the National Institute for Work and Learning (formerly the National Manpower Institute). She is engaged in research and analysis of the effects of the 1978 amendments to the Age Discrimination in Employment Act on pension and welfare benefit systems, as well as providing research assistance to the Institute's Work-Education Consortium Project. Recent publications include: "Employer Obligations -- and Opportunities -- Under the Proposed ADEA Regulations," Aging and Work (National Council on the Aging, Winter 1979); and "Retirement or Retention: Emp'oyers and Older Workers at the Crossroads," Pension World (with Michael D. Batten, November 1978). She also testified before the U.S. Department of Labor, Employment Standards Administration/ Office of the Solicitor, on the proposed regulations for the 1978 amendments to the Age Discrimination in Employment Act on October, 24, 1978.

NATIONAL INSTITUTE FOR WORK AND LEARNING

NATIONAL ADVISORY COMMITTEE MEMBERS

For The
WORKER EDUCATION AND TRAINING POLICIES PROJECT

Ms. Marla Batchelder
Director of Professional Development
McGraw-Hill Publishing Company

Dr. Marvin Berkeley
Dean
School of Business
North Texas State University

Mr. Joseph M. Bertotti
College of Business Administration
University of South Florida

Mr. Len Brice
Executive Vice President
American Society for Personnel Administration

Mr. Bruce Carswell
Vice President
Human Resources and Administration
General Telephone and Electronics

Mr. John Chadwell
Manager
Personnel Administration
Owens-Illinois, Inc.

Mr. Robert Craig
Director of Communications
American Society for Training and Development

Mr. Walter Davis
Director of Education
AFL-CIO

Mr. Richard Drabant
Manager, Marketing
Chrysler Institute
Chrysler Corporation

Dr. Murray Frank
Dean
College of Public and Community Services

Mr. Donald Fronzaglia
Director of Personnel
Polaroid Corporation

Mr. Sean Gibney
Director
District Council #37
Education Fund, AFSCME, AFL-CIO

Mr. William Gary
Director
Department of Social Action
International Union of Electrical, Radio and Machine Workers (IUE)

Mr. Nathaniel Hackney
Hospital & Health Care Employees Union
District 1199 - Training Fund

Dr. James Hall
President
Empire State College

Mr. Reese Hammond
Director of Education and Training
International Union of Operating Engineers

Mr. Richard Holan
Director
Education and Training
United States Steel Corporation

Mr. Richard Hupp
Director of Recruitment
Kimberly Clark de Mexico, S.A.

Mr. Carroll Hutton
National Education Director
United Auto Workers

Mr. Robert L. Jones
Director
Personnel Programs and Services
General Motors Corporation

Mr. John Kulstad
Director
Education Department
Communication Workers of America

Dr. Norman Kurland
Executive Director
Adult Learning Services
New York State Department of Education

Ms. Joyce Miller
Vice President and Director of Social Services
Amalgamated Clothing and Textile Workers Union

Mr. Robert Nielsen
Assistant to the President
American Federation of Teachers

Mr. John A. Stagg
Director
Education Department
Graphic Arts International Union

Mr. Peter Williams
Program Director
Educational Development
IBM Corporation

Dr. Roger Yarrington
Vice President
American Association of Community and Junior Colleges

Mr. Kiernan O'Reilly
Director
Management Education & Functional Programs

Dr. Russell Farnen
Assistant to the Executive Vice President
Empire State College

FOREWORD

"Ain't none of us going to grow younger in years."

Captain James Sprague, October 15, 1963, aboard the lobsterboat "Josephine"

What that leather skinned, 72 year old Maine lobsterman said to his exhausted apprentice while pulling aboard the 80th and last of his 65 pound pots that raw October day can be laid down as an article of truth. The "us" applies equally to the whole of American society in the 1980's. This decade will see an acceleration of the aging trend we began to acknowledge in the 1970's.

The impact of this maturation is expected to have positive effects on productivity trends in the economy and, depending on how public and private policies adjust to this changing demographic fact of life, the American workplace and broader society will be offered rich new opportunity for human and economic growth. To date, as Julia French relates in this policy research monograph, key aspects of public and private policies regarding the middle-aged and older worker remain out of sync and sometimes in contradiction.

For decades now, the drift of public and private policies has been toward encouragement of earlier and earlier withdrawal of American seniors from the workforce. With a changing age profile, greater individual longevity and a radically altered cost of living index, the social security and private pension schemes developed since the 1930's have been pushed to the precipice. These forces of stress show no signs of abating. Enter recent public policy changes such as the Age Discrimination in Employment Act of 1967 and the significant amendments to it of 1978, and indications of changing preferences for work rather than retirement held by American seniors.

Separately powerful, these dynamics combined are forcing a reexamination of the wisdom of early workforce withdrawal incentives in public and private policy, and the tenability of many personnel and human resource management practices. Companies are beginning to submit their personnel and human resource policies and practices to age auditing of one kind or another.

With all of this has come growing interest, need and opportunity for a reexamination of assumptions about American seniors as workers and of the role education and training might play as a tool for the fuller,

continuing development of this human resource. What we know to be true about participation in adult education--that sometime after age 35 rates of participation begin to drop off markedly--seems from the anecdotal evidence to hold true in internal employer provided education and training programs, as well. Does this result from some set of circumstances wholly within that population? Or, does it result in some part from unintentional bias in how the opportunity is presented and structured?

In the pages to follow, Julia French examines the changing economic and legal context into which employers, unions and American seniors are moving. Public and private retirement and personnel policies are reviewed. Promising case examples of employer programs to retain and invest in middle-aged and older workers are offered. The myths and realities of middle-aged and older worker productivity are reviewed. New perspectives, new information and challenging ideas on next steps for public policy and action by employers, unions and educators are presented in concise, clear exposition.

Those in industry, labor unions, government and education institutions concerned with human resource development issues and things to come at the American workplace will find this an important resource document.

Gregory B. Smith
Director
Worker Education and Training
Policies Project

TABLE OF CONTENTS

I. INTRODUCTION 1

Knowledge Base on Aging, Education, Work, and Retirement . . . 2
Labor Force Implications of Our Aging Population 5

II. CURRENT RETIREMENT AND PERSONNEL POLICIES 9

Public Sector Retirement Policy 9
The ADEA--Older Worker Protection 11
Private Sector Policies 12
Personnel Systems and Human Resources 13

III. THE CRITICAL PROBLEM 19

Retirement and the Individual 19
Effects of Raising the Mandatory Retirement Age 21
Alternatives to Retirement 22

IV. EDUCATION AND TRAINING: PRINCIPLES AND PRECEDENTS 24

Case Studies 27
Polaroid Corporation's Tuition Assistance Program 27
The Air Traffic Controllers' Second Careers Program 28
Aer Lingus 29
The Role of Educational Institutions 30

V. IMPLICATIONS FOR POLICY CHANGES 33

Federal Policies 34
Private Sector Policies 37

VI. CONCLUSIONS AND RECOMMENDATIONS 39

FOOTNOTES 45

I. INTRODUCTION

The population of the United States is aging and will age even more rapidly in the coming years. Yet our public and private retirement and benefits policies continue to favor early retirement--in spite of clear demographic trends, in spite of legislation raising the mandatory retirement age from 65 to 70, in spite of the fact that many of our older citizens can't live on their pensions in these days of double-digit inflation, and in spite of the fact that fewer people are having to support pension plans for an ever-expanding group of longer-lived retirees. Our policies are getting out of sync with reality. Unless we alter our expectations and our policies concerning work, concerning further education and training to allow for labor force retention for our middle-aged and older population, we are headed for a situation in which the working population probably will be unable to support the retired population, our retirees will not be able to live on their retirement income, and our society will lose more and more of our older people's expertise and experience.

This paper examines education and training policy in view of the labor force implications of this changing age phenomenon. First, the paper provides an overview of the state of existing knowledge related to aging, education, labor force retention, and retirement. Second, it provides an overview of labor force disincentives in current Social Security and private pension policies which all but push older workers into retirement and contrasts these policies with the influences of the Age

Discrimination in Employment Act (ADEA). Third, it looks at personnel policies generally and how they affect different age groups. Fourth, it looks at retirement for the individual and some alternatives to retirement. Next, it explores some of the principles of education and training and examines some precedents in human resource development which take age and aging into account. Sixth, the paper considers new levels of cooperation between education institutions and employers that use age factors in a positive manner. Next, the paper examines some of the long-term policy implications of extended working life. Finally, a series of recommendations is offered.

Knowledge Base on Aging, Education, Work and Employment

Although the systematic knowledge base addressing aging, education, and work and retention policies is not yet extensive, the available materials represent important sources. One of the major sources of information is the longitudinal Retirement History Study conducted by the Social Security Administration.[1] This study reports primarily on older people who have left the labor force. It yields little information on the dynamics of employment and educational development of middle-aged and older individuals who are still employed. A second major information source is the National Longitudinal Surveys conducted for the Department of Labor by Ohio State University.[2] In part, these surveys follow the work history of a group of middle-aged and older workers over an extended period of years. These surveys provide some insight into what is happening to the labor force with respect to age, employment, and retirement patterns on a broad scale. The National Longitudinal Surveys do not, however, show what is happening in specific employer organizations regarding

personnel, career development, training and retraining, and retirement policies affecting middle-aged and older workers.

In addition to the above sources, there are increasing numbers of reports on changes in employment and training policies for middle-aged and older workers that have come out since the passage of the amendments to the ADEA. These reports have taken two major formats. First, some limited surveys have been made of companies examining how they are responding to the retirement rule.[3] Survey results reported thus far, however, are still insufficiently comprehensive or systematic to provide a true picture of private sector policy changes. Second, there are summary descriptions of how some individual organizations are adapting to this rule through their personnel practices, ranging from hiring policies to education, development, and retirement referral.[4] These types of summaries and anecdotal descriptions are important because they provide some feel for the differences in approaches to dealing with issues associated with older workers. The difficulty with these types of descriptions is that, while some practices work for particular companies or unions, they do not necessarily bear replication.

A special area of concern is the productivity--and the potential productivity of middle-aged and older workers. At the national level, the Department of Labor reported in 1965 on the results of three surveys concerning the relationship between age and productivity.[5] One of these surveys, conducted from 1955 to 1957 in the footwear and household funiture industries, indicated that productivity decreased slightly after age 45 and only somewhat more significantly after age 65. Possibly the decreases in productivity that were measured occurred because this type of work entails substantial physical effort. A 1958-59 survey conducted on the performance of office workers found that those ages 65 and over

maintained the best results, with accuracy and output equal to that of younger workers and with greater consistency of output. The third survey, conducted in 1961, involved federal mail sorters. This study " . . . investigated the relationship of consistency of output to experience on the job and found that the index of consistency rose with each advancing seniority group."[6]

Overall, the three Department of Labor studies reflect favorably on middle-aged and older worker productivity. While these surveys are outdated, they represent a starting point from which to consider the potential abilities of middle-aged and older workers. Moreover, while these studies don't begin to touch on the larger occupational classifications of the labor force, they do suggest the need to do so in order to provide a broader and more conclusive understanding of middle-aged and older worker productivity.

There have been other studies that report on specific or situational aspects of age, aging, and productivity.[7] These, for example, include studies of physical capability and learning ability of over-40 workers. The studies here seem to illustrate that the demands of jobs have to be looked at in terms of past experience, stability and maturity, and other factors that come into play, as well as any physical requirements. Where undue speed isn't required, healthy workers over age 40 compare well with their younger counterparts. Put another way, " . . . if the pressure to produce is lowered, older workers will continue to perform well."[8] Concerns about age and productivity also raise the issue of the relationship between productivity and job performance, which will be discussed in section II of this paper.

Perhaps the most systematic reporting on aging, work, productivity, and retraining is found in the journal, Aging and Work,[9] which summarizes

the best of the research on middle-aged and older workers, retirement, pension policy, and so forth. While this material is based on firm research, the question of specific, practical application again arises. Finally, the President's Commission on Pension Policy is expected to provide a synthesized analysis of research and policy issues in the area of aging, retention, and retirement.

This paper, by necessity, is moving into an area of policy consideration of increasing significance but one which is still at the stage of developing a solid, systematic knowledge base. The area of industrial and occupational gerontology is new. Issues of the demographics of aging, problems of limited Social Security and pensions, and other retirement income resources call for an exploratory venture into the policy issues which must be developed at both the theoretical and applied research levels.

Labor Force Implications of Our Aging Population

The proportion of the U.S. population age 65 and over has increased from 4 percent in 1900 to 8 percent in 1950 and to almost 10 percent in 1975. Population projections show an increase of up to around 12 percent between 1990 and 1995, and a major increase after the year 2000 when the post-World War II baby boom cohort have begun to retire.[10] On the other hand, birth rates show a reverse trend. In 1909 (the earliest available data), the birth rate was 30.0 per thousand. By 1950 the rate had declined to 24.1 per thousand, and by 1975 to 14.8 per thousand.[11] Bureau of the Census projections indicate that the birth rate will remain at about that level in the coming years.[12] Thus, not only are people living longer and presumably healthier lives, but with the downward shift in the birth rate, the population as a whole is aging. While the current older

population is the largest in our history (as a percentage of the population) the demographic effects of the aging baby boom cohort will far outweigh any previous increases. What are the implications of this changing demographic picture for employment and human resource development policies?

With shifting population trends as a background, it is important to look at changing labor force participation rates. Compared to the population as a whole, the labor force population is presently getting younger.[13] The Survey of Newly Entitled Beneficiaries conducted by the Social Security Administration indicates that more and more of the older population is retiring rather than continuing employment.[14] Further, there has been a steady pattern of increase in the number of people who are leaving the labor force at earlier ages, especially at age 62 when they become eligible for early, reduced Social Security benefits.

One reason for the increase in retirees and for the shift to earlier retirement ages is that many of these people fall into the "discouraged worker" category. Discouraged workers are those people who would like to work but do nothing about it because they don't believe they can get a job anymore--they have simply quit trying. Older individuals then decide to move into retirement status and collect on benefits due them. Approximately 23 percent of people aged 60 and over have been classified as discouraged workers in a ten-year annual average from 1968.[15] Data from the Bureau of Labor Statistics also illustrate that persons aged 55 and over are consistently unemployed longer than any other age group.[16] The older one is the longer the time between jobs and the more likely one is to drop out of the labor force altogether.

There are other factors leading to the increase in the proportion of individuals retiring at age 65 or earlier. Both the public retirement

system and most private pension plans encourage early retirement. These are important to consider because once disincentives to employment for the older worker are understood, new education and training strategies leading to extended worklife can be developed.

The changes set in motion by the 1978 amendments to the Age Discrimination in Employment Act (ADEA)[17] go far beyond raising mandatory retirement from age 65 to 70, yet few employers presently expect large numbers of older workers to stay on beyond the so-called "normal" retirement age of 65. In fact, the overwhelming majority of retirees leaving the work force within the next few years will do so before that age. A major concern, however, facing unions and employers is the need to change employee benefit systems. Even if few workers stay on over age 65, changes in pensions, health benefits, life insurance, and other benefits are necessary. Benefit program managers can't simply cross out age 65 and write in 70.

The changes called for by the amended ADEA lead to other serious age considerations. Unilateral decisions on what comprises early and normal retirement can no longer be made by employers. Workers have the undisputed right to remain on the job up to age 70 if they are willing and able: a 50-year-old employee can choose to remain on the job for 20 more years. Ready or not, the private sector must now face this prospect and reconsider age-related factors in their education and training as well as retirement policies. The prospect of extended worklife raises the issue of how best to approach continued utilization of middle-aged and older workers.

Traditional human resources development policies seem to "lose" or unconsciously neglect workers at some period in the middle-age zone,

from 35 to 55. The heavy weight of training investment tilts in favor of the younger worker who is on the way up. The consequence of this general policy is usually negative for the aging worker. The closer the worker comes to retirement the less interest the employing organization may exhibit in investing in him or her. After all, as the prevailing thinking goes, older employees are provided for through the pension system. Thus, employer and union investment in older workers is concentrated on retirement rather than continued development of skills and competencies.

II. CURRENT RETIREMENT AND PERSONNEL POLICIES

Public Sector Retirement Policy

Our system of Social Security was initiated as an underpinning for income security in old age, not as the primary source of retirement income. As a national system, it has evolved considerably. In addition to its original purpose, Social Security also includes coverage in the broad areas of health and disability. In fact, benefits payable from the health and disability components presently account for a large portion of total Social Security funding allocations.

Benefits are calculated on the basis of wages and years in the labor force. A series of amendments has increased the Social Security tax rate from the original 1.0 percent on a maximum of $3,000 of salary and wages to a rate of 6.13 percent with a maximum of $22,900 in 1979. By 1984, the rate is slated to reach 6.70 percent with the maximum at $36,000.[18] These are percentage rates paid by the individual with matching payments contributed by the employer.

Social Security, then, has come to be a twofold system. The principal purpose is income transfer as a partial wage replacement in retirement. But Social Security also serves as a provider of health maintenance and disability insurance for older people and for those in need. These aspects of the Social Security system tend to discourage continued labor force activity for older workers and undermine the need for employers to make training and education investments in them.

Financing such an expanded retirement and helath/disability system, how-

ever, is becomming increasingly difficult for the working population, a situation that will only be exacerbated if the shrinking work force of the future has to support an increasing number of persons in full retirement. One of the intrinsic problems presently associated with financing Social Security is that the system itself has the effect of actually discouraging individual labor force initiatives that might help to alleviate the drain on funds. This effect is evident in two major areas.

The first systemic problem area is the earnings test under which Social Security beneficiaries are penalized by benefit reductions at the rate of $1.00 for every $2.00 of wages earned over $4,000 ($6,000 in 1982). The earnings test serves as a disincentive to supplementing retirement income so that addition wages, which might be subject to FICA, are essentially out of reach for the would-be worker. Nor is it likely that the provision of an annual 1 percent increase in benefits (3 percent in 1982) available to workers postponing retirement past age 65 will have any noticeable effect on retirement trends. Perhaps the increases in benefit rates are too low to attract popular attention.

The second major problem area is that fully half of those eligible now take advantage of the early retirement option. Because people are living longer, these benefits are becoming more costly than the standard benefits: although the early retirement option is only available at actuarily reduced rates, the benefits are paid for a longer period of time. The cost of paying out lower early retirement benefits but for a more extensive period of time needs to be carefully considered.

The Social Security system has, in effect, developed labor force disincentives which have forced employers and workers to accept so-called normal retirement at age 65 and earlier. Given current and expected demographic shifts and the ecomomics involved, we need to reassess

our retirement policy and consider alternatives to retirement that will retain the skills of older workers for longer periods. If we are to implement work retention policies, then new education and training strategies will be needed for individuals in the middle and later years.

The ADEA--Older Worker Protection

The work disincentives typical of today's Social Security system have, on the other hand, been challenged by other federal policies which almost seem contradictory. The Age Discrimination in Employment Act of 1967 (ADEA), rather than encouraging retirement and early retirement, was legislated to protect the ". . . compensation, terms, conditions, or privileges of employment . . ." of older workers.[19] Moreover, while age 65 has been considered the normal, and mandatory, retirement age, the 1978 amendments to the ADEA have extended legal protection to include individuals up to age 70. The ADEA encourages the option of extended employment. The amendments to this legislation acknowledge increased health and life expectancy, and therefore, also acknowledge the possibility--and probability--of extended worklife.

Moreover, it may be that older workers are themselves developing new opinions about their continued utility in the labor force, opinions which would seem to oppose expected retirement patterns. A recent Lou Harris survey indicates that more workers than expected may postpone retirement, probably because of economic and social changes.[20] More older workers are asserting their rights under the ADEA; and, increasingly, management is having to face the costliness of current retirement and retention policies.

The immediately obvious advantage to both public and private pension systems is that postponing retirement or early retirement would defer

drains on total retirement income resources. We may have few choices in the matter in any event: problems of funding public and private pensions are becoming critical. Furthermore, under ADEA, employers do not have to continue crediting years of service after age 65. Although this arrangement may change through collective bargaining, retention of older workers can still lead to economic benefits for employers.

What we have at present, then, is a fragmented and uneven approach by the government to employment and retirement policy and practice. On the one hand, the Social Security system has effective work disincentive aspects. On the other hand, the government also seems to want to insure options for older individuals to stay in the workforce. We need a clearer, more consistent public policy regarding older workers, but is it better to encourage retirement or employment for older individuals? Since there is considerable question as to whether the nation can afford to support increasing numbers of older persons in full retirement, it would seem that new retention strategies based on on-going training and development should be formulated. In addition, this approach is consistent with work-related civil rights supported by the ADEA.

Private Sector Policies

Private industry has also developed a pattern of encouraging retirement. Employers have traditionally had a young, large labor pool to draw upon. And in recent years, employers have also been faced with the need for creating new job openings for the youth cohort produced by the post-World War II baby boom. In addition, the past 20 years have seen impressive increases in the number of women in the labor force. And civil rights legislation has resulted in the call for an increase in different types of employment opportunities for minority groups. All of

these factors form the basis for a perceived need to create new job openings by displacing older workers.

Employers have met this felt need to replace older workers through a variety of retirement options.[21] The decade of the 1950s marked a sharp up-swing in the popularity of private pension plans, governing the extent of employment as well as the terms of retirement. Pension systems have been designed as an earned benefit for workers reaching a particular age and/or who have completed a specific number of years of service. Increasingly private industry has encouraged early retirement, promised increases in benefits to be paid at retirement, the 30-out-out policy popular in the auto industry, and other inducements written into retirement packages have often become standard practice in order to encourage retirement and early retirement. These systems have consciously or unconsciously been used as a means of facilitating the promotion and progression of other workers by removing older employees from the work rolls. Nor, in principle, have unions been adverse to these types of practices. Unions face the same labor force shifts as do private employers. The question of whether or not these policies were ever effective for the economy or for the older population now arises.

Personnel Systems and Human Resources

In addition to policies regarding retirement per se, tacit and formal assumptions concerning age are evident throughout entire personnel systems. Policies and practices related to hiring, job assignments, promotion and salary level, and education or other career development opportunities, as well as retirement can be examined in terms of age structure.

Grumman Aerospace Corporation, for example, has made a regular practice of examining its labor force on the basis of age so that occupational

imbalances or shortages can be dealt with in a timely fashion.[22] The result is a comprehensive older worker policy affecting career development, promotion, job assignment, and all other components of Grumman's human resource management system. Moreover, since the age-based examination of the company's labor force is applied at all occupational levels--production workers, clerical workers, managers, on through highly skilled engineers--Grumman is able to assess company needs at all levels and build on skills and experience already available. Thus, a positive and constructive policy with respect to middle-aged and older workers lends itself to continued company productivity.

Age has frequently been used to explain workers' declining ability or productivity when, in fact, a plateau or a downshift in performance may signal and reflect an unmet need for retraining or education. As noted earlier, the overall results of the surveys conducted by the Department of Labor indicate that there are no significant differences in job performance by age group. Where performance differences were found, there were larger differences among individuals within the same age groups than among different age groups.[23] An employer may feel, however, that it is important to have a clear idea of aging and productivity within the individual company.

Within a company, employees' productivity is usually measured through individual performance evaluations, which may be particularly revealing over the long term. If a company finds that its more senior workers tend to have static or declining performance ratings over a period of years, perhaps the workers are, in fact, declining in terms of skills and abilities, perhaps they are no longer interested in the job, or perhaps the evaluation system is age biased. A biased evaluation system may be indicative of lowered expectations by management, a view possibly significant for the entire

system. By maintaining demands, managers may find that performance levels will respond in similar measure. If the system is biased, however, management may actually be wasting human resources. Declining performance ratings could mean the workers need developmental education and training, the benefits of which accrue to the company as well as individual employees.

Education and retraining can take a number of forms, whether offered within the organization or through outside opportunities. Programs may need to be tailored to particular segments of a company's workforce. Both the company and the workers may profit if, for example, engineers and other high-technology professionals have access to a means of keeping up with new scientific and technological developments. Blue collar or pink collar workers may prefer access to skill upgrading or a high school equivalency program.[24] A mid-level administrator or manager may be better able to function in a scientific organization by gaining a clearer understanding of the organization's work or of scientific processes through seminars in biology or chemistry. Production line workers may profit from a better understanding of the total work system and how, with training and effort, they can move up or out of the system with a new, larger skill base.

Traditional policies emphasize training and development investments in younger workers. The advantages of these opportunities, however, also apply to middle-aged and older workers. It is easy for an employer to skimp on retraining opportunities for middle-aged and older workers by reasoning that they will be retiring in a few years whereas younger workers have many more years to give to the company. If an employer follows this reasoning, however, the company may end up carrying workers producing at less-than-best levels for at least those "few years," and perhaps much longer with the retirement age now at 70. Moreover, a younger worker may take the additional training and then leave the company. Older workers,

on the other hand, have an investment in salary level and pension accrual they are less likely to risk by changing companies.

The results of education and training investments in over-40 workers may be measured in terms of productive work. A comparison of the individual's performance record over time will begin to demonstrate the pay-off to the company. Does the younger, middle-aged, or older worker achieve higher performance ratings? Is this evidenced by promotion, merit wage/salary increases, self-initiated job changes, continued interest in career and job-related training, and so forth. Depending on the nature of the education or retraining made available, improved performance or production may become evident over a shorter term. A course in advanced account procedures, for example, may enable a bookkeeper to facilitate needed changes more rapidly and gain new skill resources for himself or herself which will promote ongoing utility for the company. The issues raised in major cases litigated under the ADEA raise these types of considerations. The Sandia case (which will be discussed later) is illustrative of untenable employer practices regarding older workers. Yet employers may also look at the principles involved in that litigation constructively by an objective appraisal of the basic interrelationship existing among the various segments of the personnel system.

There are other factors connected with education and training which might be also looked at as benefiting the company. If an older worker--or any worker--is offered an opportunity to improve mediocre or unsatisfactory performance through additional training, and either refuses the opportunity or does not improve as a result of the training, management may have valid grounds for termination. Of course, the operative principle here is that the training is offered in good faith and is actually work-related. But middle-aged and older workers are not sacred. Termination of older workers

has been supported by specific ADEA cases which have upheld the rights of employers to terminate older workers for substandard performance.[25]

In addition to the economic, social, and individual reasons for a company's looking at its personnel policies for indications of age bias, there is the legal reason. Along with shifting the mandatory retirement age to 70, the Age Discrimination in Employment Act addresses employment and retirement rights in that employers and unions can no longer retire workers involuntarily simply on the basis of age. Some of the litigation under the ADEA is instructive in that the cases tend to highlight knowledge and policy gaps, and indicates that the legislation protects much more than simply the right to be employed. In Mistretta v. Sandia Laboratories, Inc.,[26] the classic age discrimination case, all areas of the company's personnel system were examined to determine whether a reduction-in-force procedure had violated the ADEA. Besides retirement practices, the court also took into consideration the company's hiring, promotion, and education and development procedures and policies. The result for Sandia was a costly suit in which a pattern and practice of age discrimination was established. Age discrimination apparently pervaded the entire personnel system, including ineligibility of older employees for certain of the education and training programs. If training and educational benefits are made available to younger workers but denied to older workers, such denial may be brought out in support of other age discrimination charges. Non-use of middle-aged and older workers is further illustrated in Marshall v. Goodyear Tire & Rubber Co.[27] Briefly, suit was brought against Goodyear because of age discrimination in hiring practices. But, again, all aspects of the company's personnel system were examined by the courts.

The ADEA is meant to guard older workers from arbitrary and possibly detrimental decisions on the part of employers. The above cases highlight part discard practices. An unfavorable legal decision could cost the company much more than the amount of the benefit in question. The terms of the ADEA will become increasingly significant in the next several years in view of the practice of large, perhaps hastily promised, benefit payments to longer-living retirees and early retirees.

III. THE CRITICAL PROBLEM

In short, we have a standard practice of retirement from the labor force at around age 65, intentionally or unintentionally supported in both government and private sector pension and personnel policies. These policies are presently arranged to discourage employment for older workers even though our older population is rapidly expanding, and we probably cannot afford to continue retiring people at 65 and earlier. This policy has no real counterbalance at the federal level except for the amended Age Discrimination in Employment Act. For the demographic, economic, social, and legal reasons outlined, the critical problem, then, becomes how to use rather than discard the human resources represented by middle-aged and older workers.

Retirement and the Individual

Up to this point, this paper has addressed the use of older workers primarily from the company and union policy viewpoints. There is also the human viewpoint--the retiree's viewpoint--which may represent the most critical problem.

The number of individuals opting for early retirement suggests that many people are quite content to withdraw from the labor force. Unexpected problems, such as inflation and energy costs, may tend, however, to change this view. Other factors, too, may result in personal dissatisfaction with retirement. Perceived loss of role or employment status, the absence of office comraderie, or loss of the daily routine of the workplace, for instance, appear to lead to dissatisfaction regardless of health and newly available leisure time.

Research tends to confirm that most often the degree of dissatisfaction with retirement is related to retirement income security.[28] People nearing retirement usually earn wages at rates higher than at any other time in their worklife. Moreover, recent tradition has established yearly cost-of-living hikes in wages and salaries, often accorded in addition to merit raises. The result is, that while it is true that energy costs and the cost-of-living index are increasing substantially, wage increases are often geared to compensate for these changes. This is not the case with retirement income.

Retirement income is generally a fixed income comprised of Social Security benefits, private pension entitlements, and any garnered private assets. It is all too often the case that if even one of these sources proves to be inadequate or in default, the retiree will have to do without or try to find some other means of support--economic dependency on children or other relatives, or the social welfare system, for example.

Can we afford to solve problems associated with retirement income by continuing to raise pension benefit levels? The 1979 bargaining negotiations involving the United Auto Workers, for example, successfully pushed through increased pension benefit protection.[29] On the face of it, this would seem to be an excellent move on workers' behalf. But increased benefit protection does nothing to benefit present workers. The benefits go to the support of retirees, a necessary step given present retirement economics, but would this step have been necessary if the companies and unions concerned had made more of an investment in labor force retention? It may be that we have misused the middle-aged labor force so that, at present, there really is no alternative to increasing pension benefits.

Retirees are confronted with a number of problems and decisions in attempting to maintain confortable--or even adequate--retirement income security in a society stumbling over itself with prospects of double-digit inflation and energy costs that are increasing with every ting of the gasoline pump. New retirees are especially open to a jolt after converting to retirement income. A permanent income drop of 20 to 40 percent or more at retirement does not go far toward enabling one to live out retirement in peace and comfort. Is sufficient attention being given to alternative policy options for income security for older Americans? The evidence to date suggests not.

Effects of Raising the Mandatory Retirement Age

While the real effects of raising the mandatory retirement age from 65 to 70 cannot be measured yet, it is important to consider some of the possible ramifications for both the short- and long-terms. The next five to ten years are not likely to bring much change in present retirement patterns. There are simply too many work disincentives functioning in both the public and private sectors that encourage older workers to choose full retirement. The general view of age 65 as the normal retirement age will only slowly give way as society and our economics change. One very likely longer term change will be that 65, instead of 62, will eventually be the early eligibility age for drawing Social Security, and the normal retirement age--full benefit eligibility--will be set at 65. Because many private pension systems ordinarily reduce benefits by the amount of Social Security benefits received, or otherwise take their cue from public policy, these sorts of changes in the public retirement system will have a broad effect in the private sector as well. How strong

the eventual effect will be is not clear because other factors, such as increased health and longevity, will also come into play. Whether or nor insurance and benefit carriers will respond to the need for a more accurate insurance classification of older, healthy individuals may also enter here as a factor.

Other the long term, more and more people may take advantage of continued work options. Whether from economic necessity, or simple preference, or some combination of the two, it seems that an increasing number of people will continue to work full-time or on some sort of part-time basis. Trends mentioned earlier indicate that in 20 years the labor force as a whole will be smaller and older so that employment incentives, rather than the disincentives presently in force, may well be the order of the day. Policy makers concerned with education and development need to begin addressing these developing trends.

Alternatives to Retirement

What are some alternatives to our current retirement policies, alternatives that will encourage varying degrees of labor force retention for older workers and that will work for companies, unions, and individuals?

The skills of older workers represent a source of knowledge and experience simply not available elsewhere in the workforce. Many employers are familiar with the practice of bringing retirees back as consultants to take advantage of their expertise to solve specific problems, to teach new recruits, or for some other special purpose. This notion can be extended to include broader groups of this cohort. The human resource technologies of task analysis and job restructuring are already available to implement forms of tapered employment and retirement in ways that will not interfere with the primary personnel structure of an organization.

Continued employment of older workers needn't be confined to large organizations. The entire workforce of Kuempel Chime Clock Works, a small manufacturer of chime clock kits, is composed of older, skilled craftsmen.[30] The company has a tradition of employing workers as long as they continue as capable, healthy workers. By using tapering, flexible work schedules, Kuempel is able to accommodate the needs and preferences of individual workers as well as those of the company. The principles involved in this highly specialized situation may also be applicable in larger organizations or in particular divisions or units of larger organizations.

Currently, research on alternative work patterns for older employees is being carried out by the Andrus Center on Gerontology at the University of Southern California. The study involves two large employers--the Lockheed Corporation and the City of Los Angeles. While it is too early to assess the impact of these alternative work patterns, the prospects for part-time work, flexitime, etc., are receiving more attention.

Since it may well be that retirement trends will change and older workers will work longer instead of taking advantage of early retirement options, employers and unions need to be looking at how to implement some of these alternatives to retirement, and to be looking at how to better use older workers rather than perceiving them as deadweight until they retire. Decisions to retain older workers will probably involve decisions on how to retrain workers in their middle years. We turn next to considerations of investment in education and training for middle-aged and older workers.

IV. EDUCATION AND TRAINING: PRINCIPLES AND PRECEDENTS

There is, of course, no single training or education strategy to meet the needs of all companies and workers. Employers will want to examine their own needs and the cost factors involved to determine which strategies are most appropriate for them. Is the company financially ready to pay for, say, a sabbatical or other type of educational leave program? What would be the relative costs and benefits of on-the-job training, apprenticeships, or other in-house skill upgrading for middle-aged and older workers as well as younger workers? What about worker replacement costs while an employee is away from the job and engaged in retraining or skill upgrading?

Another dimension which should be given serious consideration in light of the potential of an increased worklife span is retraining and career development strategies for employees in their middle years so as to maintain or renew their production potential. In addition, new technologies and subsequent changes in production and service influence all jobs sooner or later, which suggests again the need for continued career development and retraining for middle-aged and older workers.

Previous educational attainment is a third factor necessary in considering education and training development strategies. The emerging older cohort, aged 55 and over, will have a higher level of educational attainment than any in U.S. history. They will likely not be satisfied with the treatment older workers have been accorded in the past. In 1976, individuals aged 55 and over had a median educational level of 10.6 years,

compared to a median educational level of 9.1 in 1966 and 8.4 in 1952.[31] Moreover, the educational attainment level is continuing to climb for this age group. In 1978 more than 1.5 million persons age 35 and over were enrolled in some kind of formal education; two-thirds of this group were women.[32] The median educational attainment level for the older cohort will probably continue to rise because younger age groups have even higher average levels of education.

It is important to note, of course, that altering employment and retirement policies to encourage labor force retention of older workers cannot be accomplished solely by government, or by private industry, or by educators. Joint efforts in assessing the critical issues and in fashioning program and practice changes appear to be essential.

Some companies offer skill upgrading through on-the-job training, supervisory instruction, in-house lectures, or seminars, for example. These types of internal (formal or informal) development procedures are familiar to personnel managers and, while effective coordination and guidance are important factors, many such programs do not require extensive training.

Other companies have formal external programs involving second career training through some form of degree program. Company- and union-sponsored external education and training strategies usually emphasize degree or advanced degree programs including year-on-campus programs, scholarships, educational loan plans, and tuition-aid programs. Some of these programs are more attractive to middle-aged and older workers than others. Family and community commitments, for instance, may tend to hamper the mobility necessary to take advantage of the year-on-campus. Middle-aged and older workers seem to favor tuition-aid programs that afford greater flexibility and adaptability to personal considerations.[33]

Certain types of education and training arrangements can be paid for by the company and are deducted as a trade or business expense.[34] Employers might also want to explore the increasing opportunities for certifying work and life experiences. Some educational institutions will allow academic credit for work experience or education provided in the academic setting. The New School for Social Research in New York, for example, makes use of this sort of arrangement in addition to formal course offerings.

Some employers may find it appropriate to explore the possibilities of training fund plans, where none now exist, jointly administered with a union.[35] Another suggested approach is that employers establish an education and training fund, somewhat similar in structure to a pension plan, basing eligibility on years of service.[36] Thus, as workers age and years of service increase, they will have accesss to education and training based on job status within the company.

An unlooked-for benefit which may accrue to the employer as a result of investment in human resources through education and training is the possibility of enhancing the company's image, both to the workers themselves and to the public. As older employees increase in numbers, their opinion of the company may well be valuable in terms of community relations and relations with other younger employee groups.

Other factors associated with training and education strategies relate to the aspirations and needs of the workers themselves. Some employees may not want to be bothered with additional education and training, perhaps because of past negative schooling experience, family obligations, or fear of acknowledging what they do not know.

Company managers can use several strategies to collect information on employees' needs and on prospective participation rates. Internal opinion

surveys are one good means of assessing training needs and aspirations of employees. A survey of this type could be tied in with a similar survey addressing employment and retirement goals of company workers.

Another source of information is long-term performance appraisal records. A down-turn or "plateauing" in performance may signal the need for an additional investment in retraining or education rather than preparation for retirement. Employee "drifting" may be turned around if retraining is offered in time.

Case Studies

Several programs may serve as examples of successful education and training efforts. It is important to bear in mind, however, that no one strategy or model can be right for all companies. The following education and training models may suggest a number of strategies.

Polaroid Corporation's Tuition Assistance Program[37]

Polaroid has had a long-standing commitment to employee development through education and training. As a high technology, innovation-oriented company, Polaroid ". . . seeks to engage employees in a continuing educational process which will ensure their productivity and growth as Polaroid employees."[38] One result of this commitment is that each year 8 to 10 percent of all half- and full-time employees have participated in the tuition assistance program since it began more than 20 years ago. Polaroid prepays all tuition costs for approved courses. Courses have to be job- or career-related based on employee interest and the advice of company counselors. An important factor here is that education and training are readily accessible to workers regardless of age since Polaroid's employee development program is an integral part of the total

personnel system. The rewards for Polaroid are seen in reduced turnover and absenteeism and high initiative and morale. "Polaroid is convinced that education and training for employees is a business necessity and not an expendable fringe benefit. . . ."[39] The implications for older worker cohorts are clear. Investment in developing and retraining middle-aged and older workers can have a similar, definite pay-off for companies looking to develop their human resources. In this example, the company has come up with a new human capital approach. Management values the work potential of employees regardless of age or other characteristics. The employer provides human resource technologies and supports--including career counseling--regardless of age.

The Air Traffic Controllers' Second Careers Program[40]

Air traffic controllers are expected to be able to stay with the job for about half their working lives because of work-associated physiological and mental stresses. The air traffic controllers' second career program was established as an alternative to regular retirement or disability at what is usually an early age. The program assists the participants in developing and planning second careers and includes related retraining or education. The program covers salary and fringe benefits for two years and pays tuition and related expenses. All of this is formalized by contract, thus making the controller accountable for living up to the terms of the training or education program. Most of the participants are over age 35 with 15 to 20 years of service. Properly administered programs such as this go a long way toward alleviating the difficulties arising from sudden job loss.

The air traffic controller program is a systematic approach to helping the individual who is forced to make a career change to obtain a

productive second career or job. The employer or educational institution has much to learn from this model. The engineer or other high technology professional, for example, may face the same kind of constraints. Perhaps management and unions should intervene with workers in their late 30s or early 40s with training or retraining similar to the air traffic controller model. Employers are going to have to ask themselves if it is wiser to invest in retraining and education of workers than to have them encounter stress, enter early perhaps prolonged retirement, or simply hang on.

Aer Lingus[41]

Aer Lingus developed a retraining program for middle-aged and older blue collar workers when the airline's freight storage and retrieval system were to be switched from the old forklift-and shelve method to a semi-automatic system with computerized documentation. By making use of the "discovery method" complemented by emphasis on participation and communication, the company was able to retrain the existing workforce rather than having to begin all over again with new hires. The discovery method is a method of teaching which emphasizes hands-on experience and practice through problem solving.[42] The Aer Lingus program involved actual practice with models or with the new equipment as it became available. Multi-stage training was carried on while the equipment was being installed, thus giving workers time to adjust to the change. Worker expertise was available to management and workers proceeded at their own pace to insure competence in the new methods. There was no hiatus in work while the transition to a more efficient system was carried out and the company was able to maintain an effective workforce.

The Aer Lingus project is an example of older worker retention achieved by means of retraining. Careful attention was given not only to

the requirements of the organization, but also to the needs of the workers involved in the transition. Management chose to recognize positive aspects of the current workforce and build on potential rather than adopt a discard policy. Employers may want to adopt the Aer Lingus model to respond to changing work situations and new technologies.

The above instances are meant only to serve as examples that might be incorporated with other education and training strategies, or adapted and tailored to meet the needs of older workers as well as employing organizations. Effective strategies can be developed for all sectors of a company's workforce and need not be limited to the management level or other white collar workers. Atlantic Richfield Company, for instance, has had a past practice of permitting up to two years of educational leave for any employees who continue to maintain their association with the company.[43] While educational leave does not include continued salary, all fringe benefit coverage is maintained during the employee's absence. This kind of program allows employees to continue education as full-time students with financial pressures somewhat lessened. This benefit continuity is especially useful to middle-aged and older workers looking to upgrade their skills and expertise.

In developing education and training strategies, employers may find it desirable to consider educational resources available outside of the company. Career development and retraining programs can be offered in association with educational institutions, but such an approach calls for effective collaboration in order to achieve positive results.

The Role of Educational Institutions

Educational institutions are beginning to offer pre-retirement courses, generally focusing on the transition from work to retirement

and what to do with leisure time, the psychology of aging, how to live on a fixed income, and health and nutrition.[44] Courses concentrating on volunteerism and community service are also becoming available. Some schools also offer personal counseling. Assisting individuals to cope with the sometimes traumatic change to full retirement is certainly necessary and educational institutions breaking ground in these areas are fulfilling a much needed service. There is room, however, for educational institutions to play a much more active role with respect to meeting middle-aged and older people's employment needs, as well as the needs of business and industry.

In addition to pre-retirement counseling, educators could offer skill assessment and vocational counseling for workers in their middle years. Educators also need to look at existing curricula and instruction methods to see if they suit the needs of an older cohort of students. Teaching methods appropriate for traditional school-age individuals may not be as effective for middle-aged and older workers.

Educational institutions may also be able to assist local employers in, for example, determining their manpower development needs through objective analysis and assessment. Such an undertaking naturally has to be tailored to the individual organization, as the foregoing examples illustrate, and requires an understanding of the unique characteristics of the company, its workers, and available community resources. An age-related analysis of employees' interests in and attitudes toward education and training programs, for example, may be a key factor in program participation and eventual effectiveness.

Many organizations already have on-going education and training programs which often include both internal programs, such as on-the-job

training or apprenticeships, and external programs that take advantage of learning opportunities available at nearby campus facilities. While collaboration among business, labor, and education is understandably concentrated in external programs, educators may also be able to contribute to internal programs through in-house seminars or lectures or other informal means.

Educational institutions have the potential to actively enhance and strengthen the abilities of middle-aged and older workers and, in doing so, substantially augment a company's human resources. A collaborative approach to constructive education and training efforts requires new knowledge, mutual respect, and long-term commitment to developing the older worker resource on the part of the educational institution as well as the employer. Educational institutions are in a unique position to encourage cooperation and coordination of in-depth and long-range programs and ideas for older workers/students.

V. IMPLICATIONS FOR POLICY CHANGES

Shifting demographics and economic necessity raise the question of whether or not we should attempt to control labor force participation and retirement rates of our older population. Unfortunately, we are not looking at a "yes or no" situation. The question is no longer whether but when to adjust. We can pay now or pay--perhaps a great deal more--later. Collectively and individually we are just beginning to pay for past early retirement practices. We can invest in the development of deferred retirement options and older worker retention opportunities now or face the scramble of trying to cover an ever-expanding retired population later on.

Another question that arises with respect to controlling labor force participation and retirement rates for older people is whether or not it can really be done. We can't simply ink out the clauses regarding early retirement. Controlling labor force participation and retirement is, in fact, a highly complex process that needs to use the principles of human resource development from the perspective of abilities rather than nearness to retirement. In this respect, the entire personnel system is involved. Although the effort would require refocusing some of our principles of human capital investment, effectively managing employment and retirement rates for older workers is not an impossible task.

There is also the fear that a policy of older worker retention could interfere with labor force entrance and job progression of other workers, particularly youth, women, and minorities. The notion, however, of one worker leaving a job and another moving up to take the retiree's place so

that a new worker can be brought into the labor force is not a true picture of the labor market. There isn't a fixed number of jobs available. The number of jobs available at any particular time is influenced by economic fluctuations, certainly, but there are other factors affecting the job market, especially for older workers. Job obsolescence, whether in a declining industry or occurring as a result of technological replacement, influences the number of openings. New and different forms of work can expand the labor market in ways that haven't yet been sufficiently explored. Job sharing, permanent part-time work, graduated combinations of retirement and employment, and consulting--all partaking of job redesign and other human resource technologies--represent various ways to expand job markets. Job creation required as a result of newer technologies, entrepreneurial spin-offs, and second careers all influence the availability of jobs. Attrition through retirement, then, does not have as severe an effect on hiring or delaying mobility as may sometimes be thought. In large part, worry about the effect of older workers' labor force participation is a reflection of the present lack of policy continuity at the company and the federal levels.

Federal Policies

As noted earlier, the federal government does not have a consistent policy regarding worker retention or retirement. This absence of policy consistency is also reflected in government employment and training programs for older workers. The Comprehensive Employment and Training Act (CETA) represents the nation's manpower policy in terms of both focus and funding levels.[45] CETA is heavily youth oriented, with a significantly larger proportion of participants under age 45 than age 45 and older. As Table 1 shows, in fiscal year 19 3, 53.7 percent of CETA participants were ages 22-44, 6.3 percent were ages 45-54, 3.3 percent were 55-64, and 1.0 percent

were 65 and over. Similar percentages hold for fiscal years 1977, 1976, and 1975. An age-based comparison of this data presents a standard pattern of neglect with respect to government-sponsored employment and training programs for older individuals. Thus, the recent CETA programs specifically directed to older worker development become more important.

In 1978, Congress passed two amendments to CETA which are worth noting here; both programs could be adapted by the private sector. The first is the Second Careers Program under section 308, which is specifically directed at middle-aged and older workers, concentrating on second career job development, counseling and career guidance, and education and training.[46] Unfortunately, the Second Careers Program has only minimal funding at this time.

The second program applying directly to middle-aged and older individuals is the Displaced Homemaker Program under CETA section 301.[47] The goals of the Displaced Homemaker Program are very like those of the Second Careers Program, but emphasis here is on women. The methods of the two programs vary, however. The Homemakers' Program concentrates on establishing displaced homemaker centers through the CETA prime sponsors; the Second Careers Program would be more in the line of a contract agreement directly committing the individual to previously agreed upon training or education. The funding set aside for the Displaced Homemaker Program is $3.25 million, a modest start for an important target group. This amount is insignificant, however, when compared to a total CETA budget running in the billions of dollars.

There is clearly a need for an effective employment-retirement policy that includes education and training strategies leading to retirement deferral, subsequent relief to Social Security and pension systems, and,

TABLE 1

RATES OF PARTICIPATION IN CETA TITLES I, II, AND IV BY AGE, FOR FY 75-78

	FY '78				FY '77				FY '76				FY '75			
	Tot.	I	II	VI	Tot.	I	II	VI	Tot.	I	II	VI	Tot.	I	II	VI
18 and under	16.8	20.1	4.5	4.5	21.1	30.6	4.5	4.3	27.9	35.8	4.3	4.6	31.0	41.6	5.6	3.8
19 - 21	18.8	20.7	16.3	16.9	19.2	21.1	15.8	16.0	20.0	20.9	17.6	17.4	20.8	20.1	18.1	17.6
22 - 44	53.7	43.5	64.7	65.1	49.4	40.8	64.2	64.9	43.5	36.5	64.1	64.1	40.2	32.1	62.9	64.8
45 - 54	6.3	4.4	8.9	8.3	6.2	4.3	9.6	9.2	5.2	4.0	9.0	0.7	4.0	3.5	8.4	9.1
55 - 64	3.3	2.3	4.6	4.3	3.1	2.2	4.9	4.7	2.6	2.0	4.3	4.3	2.4	1.8	4.1	4.0
65 and over	1.0	1.0	1.0	0.9	0.9	0.9	1.0	0.9	0.8	0.8	0.8	0.9	0.8	0.8	0.9	0.7

NOTE: Each year a larger percentage of 45 and over has occurred in each title.

Sex and race and 5-year intervals available only through CLMS. More time needed to produce data in this form.

Source: May 18, 1979, response of Secretary of Labor Marshall to request by Congressman John L. Burton, House Select Committee on Aging, Subcommittee on Retirement Income and Employment, for CETA participation rates by age.

perhaps most important, better use of the older worker resource. But federal policy may prove virtually ineffective without positive retention policies in the private sector.

Private Sector Policies

The development of a more positive retention policy suggests the need for re-evaluation of accepted personnel policy goals in terms of how best to manage the new resource of older workers. Unfortunately, older workers are largely thought of only in terms of how to get rid of them, thinking which may betray intentional age bias. Recent research, however, shows that discriminatory practices are not usually deliberate.[48] Rather, these practices are the result of unconscious age stereotyping, possibly reflecting an unintentional lowering of expectations and standards by management. While policy statements clearly endorse a more positive attitude toward older workers, in practice, employers appear to be doubtful of older employees' mental alertness, flexibility, and adaptability to change. The degree of difference between policy and practice too often marks the extent of unconscious--or deliberate age bias. Age stereotyping is considered to have ". . . potentially serious consequences for older employees, including lower motivation, carreer stagnation, and eventual career obsolescence."[49] Differences in stated policy and actual practice are, of course, felt throughout the personnel system.

The education and training component of the personnel or human resource system is often considered to be a part of the total fringe benefit package offered to attract and retain the best quality workers. As employees stay on and contribute to the company over time, they inevitably get older. Sometimes the combination of age and length of service leads to positive results--a long-term, effective employee. On the other hand, if the older worker is neglected, age and length of service may result in marginal performance.

It is important to apply a more positive retention policy to all areas of the personnel system, but employers should pay particular attention to the use of the education and training strategies. Education and training can then become a management tool deliberately extending career development as well as worklife.

VI. CONCLUSIONS AND RECOMMENDATIONS

This paper has attempted to lay out new directions for company education and training programs as they affect older workers. It has stressed the fact that in order to implement effective education and training programs for middle-aged and older workers, employers and human resource planners must know more about the effects of an aging population on national and organizational policies. As noted, there are powerful labor force disincentives for older workers operating behind current Social Security and pension systems. Managers need to examine how these disincentives are reflected in their own company retirement policies in order to plan workable retention policies for older and middle-aged workers who wish to defer retirement. More flexible retirement policies will also enable employers to develop older worker hiring policies which are free of age bias.

At the heart of older worker retention and hiring policies are training and educational resources and how these resources are allocated for workers in different age groups. It makes no sense to consider new jobs, part-time work, job sharing, flexitime, or second careers for either older employees or older hires unless they have the training and educational resources necessary to function effectively in new work roles.

Enhancing human capital is the primary principle behind every training and development effort involving worker adjustment to new production or service systems. The examples cited in this paper illustrate that appropriate investment in skill conversion will result

in productivity and profit; an appropriate education and training investment in middle-aged and older employees will result in enhanced job performance. It is important to reiterate the caveat that what works for one company may not work for another. The following recommendations, therefore, generalize from the case examples and other considerations presented earlier. They offer starting points upon which education and training policies may be built.

I. Policy makers and human resource planners need to become familiar with the basic literature, resources, and precedents on agining, education, employment, and retirement.

This may seem like a large order, but it is a necessary step for human resource planners--in employing organizations and in unions--who are developing or revising older worker policies and, particularly, education and training policies and programs for middle-aged and older workers. The resources mentioned in this paper are fundamental to an increased understanding of the issues and alternatives. This recommendation calls for a basic knowledge investment as a prerequisite for policy change.

Similarly, developing positive older worker policy and avoiding adversary relationships with older workers suggests the desirability of becoming familiar with the litigation history under the Age Discrimination in Employment Act. The amended ADEA eventually will have some impact on all aspects of personnel and human resource systems, including education and training programs.

II. Company and union retirement and pension policies and practices need to be reassessed.

In the past, many companies and unions developed early retirement options. In some cases, more highly skilled and experienced workers have been the ones taking the retirement option, leaving the company with replacement problems. In the case of unions, membership may be shrinking as they lose early retirees.

In addition to the cost of early retirement policies in human resource terms, the financial cost also needs to be reassessed. Although the pension might be reduced on an annual basis through early retirement, it will be paid out for increasing numbers of years because of overall longevity increases in the older population.

Also, older workers today do not necessarily associate retirement with a warm spot on the porch. They appear to want extended work options and other forms or meaningful activity along with leisure time. Unions and employers, then, should re-evaluate their current policies in terms of past effectivness and whether these policies will meet the needs and interests of future retirees.

III. Current personnel policies and practices need to be reassessed from an age perspective.

Older workers are, of course, subject to the full range of a company's or union's personnel policies and practices--hiring, promotion, wage and salary lines, employee development programs, etc. The basic question to be asked in assessing current personnel policies is how older workers have fared in the system over the past few years in comparison with their younger counterparts. This kind of analysis will let employers and unions know that they have an age-related policy, one way or another; their policy may be equitable for all age groups, or it may reflect an unintentional age bias suggesting the need for closer examination.

IV. Training and education programs need to be evaluated and redesigned, if necessary, to meet the needs of middle-aged and older workers and companies' needs for continued productivity.

Human resource development programs can also be analysed on an age basis. Participation rates by age groups in tuition-aid programs, skill

updating, special career development courses, etc., will tell management if these programs are age-biased. If lower participation rates are found for middle-aged and older workers, management will want to find out why. Perhaps these workers are too heavily involved in current projects. Perhaps managers haven't adequately communicated the various training opportunities to these workers. The available training programs may have a youth focus so that fewer older workers take advantage of them. Improved information delivery and career and job counseling may be suggested. Older workers may feel inadequate, or afraid, or both with respect to training and educational programs. Incentives may have to be developed to assure increased older worker participation in these programs. Perhaps staggered work arrangements and training requirements for middle-aged and older workers may be appropriate.

Middle-aged and older workers do not have to "drift" into a substandard performance situation. Timely intervention through counseling, personal opinion research, and increased promotion of human resource development programs may avert problems associated with perform-decline.

V. More effective human resource development can be achieved through collaboration with education and training institutions.

This is more a statement of fact than a recommendation, but unfortunately, it is not often carried out. Perhaps employers aren't aware of the types of resources available in educational institutions. External education and training resources are used in a passive, supplier role. Courses or training offered may or may not be job or career-related.

Employers and educators could be working together, knowing that older workers can learn as well as any other age group, but they learn differently and at a different pace. What courses, what training, what

relationships between job experience and institutionalized learning best fit men and women in their 40s, 50s, and 60s? What methods of learning are most effective with these age groups. The response of the educational institution to the older worker-learner can be more comprehensive than re-arrangement of curriculum; content and teaching methods also need to be re-designed. The employer response can be to introduce the job and career components into the education or training situation. With this type of collaboration, the older worker can be expected to achieve positive results.

VI. At the national level, a more positive and coherent policy regarding older workers needs to be developed.

Most policies now in effect at the federal level encourage older worker retirement from the labor force. What is needed is a direct effort to encourage older worker retention options. More specifically, we need a policy that integrates extended employment options with retirement policies and avoids forcing workers into premature retirement. A major means of doing this would be to build on existing positive training and educational components of CETA programs--the Second Careers Program and the Displaced Homemakers Program. Similarly, government could develop a system of incentives--for both the employing organization and the older individual--geared to encourage hiring and retention in the labor force.

That the government needs to move toward a more positive, pro-work posture is born out by the history of litigation under the ADEA and the record of CETA participation by age. Moreover, in view of financial strains projected for the Social Security system, it is only realistic to turn to an equitable and more readily accessible employment option.

* * *

In summary, effective training and education policies that work for both employers and older employees aren't simple to develop. Yet the potential advantages are there. Continued employment options are a means of additional income for older, able individuals; a means of enhancing a company's human resources. Training and development for the older segment of the workforce can be part of an overall policy which values the individual worker--both as a worker and as an individual. The training and education arrangement is a two-way street. If employers give something, they gain something; the same is true for the worker. Age can and should be a positive aspect of this arrangement. With some imagination, experimentation, and mutual respect both the company and the older worker can benefit.

FOOTNOTES

[1]Lola M. Irelan and others, Almost 65: Baseline Data from the Retirement History Study, Research Report No. 49, for U.S. Department of Health Education and Welfare, Social Security Administration (Washington, D.C.: U.S. Government Printing Office, 1976). In addition, the Social Security Bulletin has carried a number of articles based on the results of the Retirement History Study.

[2]Herbert S. Parnes, et al., The Pre-Retirement Years: A Longitudinal Study of the Labor Market Experience of Men, Manpower R&D Monograph 15, U.S. Department of Labor, Manpower Administration (Washington, D.C.: U.S. Government Printing Office, 1975), Chapter V.

[3]See, for example, BNA Pension Reporter (Washington, D.C.: Bureau of National Affairs, November 6, 1978, and October 1, 1979).

[4]See, for example, Marc Rosenblum and Harold L. Sheppard, Jobs for Older Workers in U.S. Industry: Possibilities and Prospects (Washington, D.C.: American Institutes for Research, September 1977).

[5]U.S. Department of Labor, The Older American Worker: Age Discrimination in Employment (Report of the Secretary of Labor to the Congress) (Washington, D.C.: U.S. Department of Labor, 1965), pp. 86-88. Fordham University is in the process of preparing a more current evaluation of older worker performance.

[6]Ibid., p. 86.

[7]Elizabeth L. Meier and Elizabeth A. Kerr, "Capabilities of Middle Aged and Older Workers: A Survey of the Literature," Industrial Gerontology (Washington, D.C., Summer 1976): pp. 147-155. See also, Herbert D. Wermer and Martha W. Dewhurst, "The Age Discrimination in Employment Act Amendments of 1978 and Their Effect on Collective Bargaining," Proceedings of the 1979 Annual Spring Meeting of the Industrial Relations Research Association, pp. 447-482.

[8]Ibid., Meier and Kerr, p. 148.

[9]Aging and Work (formerly: Industrial Gerontology) (Washington, D.C.: National Council on the Aging).

[10]Harrison H. Donnelly, "The 'Graying' of America: Aging U.S. Population Poses Threat to Retirement Systems," Congressional Quarterly Weekly Report, Vol. 37, No. 11 (March 17, 1979): p. 441.

[11]U.S. Department of Health, Education and Welfare, National Center for Health Statistics, "Live Births, Birth Rates, and Fertility Rates, By Race: United States, 1909-75," Table 1-2, Vital Statistics of the United States, Volume I--Natality: p. 1-6.

[12]U.S. Department of Commerce, Bureau of the Census, Population Estimates and Projections, Series P-25, No. 704, "Projections of the Population of the United States: 1977 to 2050" (Washington, D.C.: U.S. Government Printing Office, July 1977).

[13]U.S. Department of Labor, Bureau of Labor Statistics, "Employment Status of the Non-Institutional Population, 16 and Over By Sex, 1947 to Date," Employment and Unemployment During 1978: An Analysis, Special Labor Force Report 218 (Washington, D.C.: U.S. Department of Labor, 1979): p. A-5.

[14]U.S. Department of Health, Education and Welfare, Social Security Administration, Reaching Retirement Age: Findings From A Survey of Newly Entitled-Workers 1968-70, Research Report No. 47 (Washington, D.C.: U.S. Government Printing Office, 1976).

[15]T. Aldrich Finegan, The Measurement, Behavior and Classification of Discouraged Workers, Background Paper No. 12, Table 3 (Washington, D.C.: National Commission on Employment and Unemployment Statistics, June 1978).

[16]U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, June 1979, Table A-18, p. 33. This pattern has been reflected in BLS reporting overthe past ten years.

[17]Age Discrimination in Employment Act of 1967, as amended--29 U.S.C. 621 et seq.

[18]Christopher R. Conte, "Back to the Basics: Financing Squeeze Forces New Assessment of Social Security," Congressional Quarterly Weekly Report, Vol. 37, No. 11 (March 17, 1979): p. 447.

[19]Op. cit., ADEA, Section 624.

[20]Johnson & Higgins, Inc., 1979 Study of American Attitudes Toward Pensions and Retirement: Summary (Louis Harris & Associates, 1979), pp. vii-xiii.

[21]J. Roger O'Meara, Retirement: Reward or Rejection (New York: The Conference Board, Inc., 1977).

[22]Op. cit., Rosenblum and Sheppard.

[23]Anna M. Rappaport, William M. Mercer, Inc., Testimony in public hearing before the President's Commission on Pension Policy, August 21, 1979, p. 14.

[24]Pink collar workers are those women employed in clerical, sales, and service jobs as defined by the National Commission on Working Women.

[25]See, for example, Gill v. Union Carbide Corporation, 368 F. Supp. 364 (E. D. Tenn. 1913) and Cova v. Coca-Cola Bottling Company of St. Louis, Inc., 574 F.2d. ___ 958 ___ (8th Cir. 1978).

[26]Mistretta v. Sandia Corp., 1E FEP Cases 1690 (D.N. Mex. 1977). See also Marshall v. Phillips Petroleum, Inc. (N.D. Miss.) Civil No. 76-24-SW). This is a multi-million dollar case brought under the ADEA involving hundreds of plaintiffs.

[27]Marshall v. Goodyear Tire & Rubber Co., _____ F. Supp. _____ (W.D. Tenn. 1979).

[28]Op. cit., Parnes. See also Leland P. Bradford, "Can You Survive Your Retirement," Harvard Business Review (November-December 1979) for a discussion of factors other than monetary considerations which contribute to dissatisfaction in retirement.

[29]BNA Pension Reporter, No. 258 (September 24, 1979), "Collective Bargaining: UAW, AM Reach Tentative Pact Which Would Substantially Increase Retirement Benefits" (Washington, D.C.: Bureau of National Affairs) A-5-A-7. Text of pension agreement, pp. R-1-R-3.

[30]Op. cit., Rosenblum and Sheppard.

[31]U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Series P-20, No. 314 for 1976 data, No. 158 for 1966 data, No. 45 for 1952 data.

[32]Anne McDougall Young, "Back to School at 35 and Over, October 1978" Monthly Labor Review (August 1979): pp. 53-55.

[33]One source of information suggesting this would be the extensive evidence and research submitted in such age-related cases as Sandia and Phillips Petroleum. In addition, the Parnes study shows that those individuals with higher educational levels tend to engage in continued educational opportunities.

[34]While there is no special deduction or tax credit available to employers, Section 162, Subsection (a)(1) of the Internal Revenue Code permits ". . . a reasonable allowance for salaries or other compensation for personal services actually rendered. . . ." If educational training is properly construed as a business expense, the associated costs may be considered "other compensation ."

[35]For an example of this, see Jane Shore, The Education Fund of District Council 37: A Case Study (Washington, D.C.: National Manpower Institute, September 1979).

[36]Op. cit., Anna M. Rappaport, p. 9.

[37]Kathleen Knox, Case Study: Polaroid Corporation Tuition Assistance Plan (Washington, D.C.: National Manpower Institute, October 1979).

[38]Ibid, p. 7.

[39]Ibid, p. 34.

[40]Michael D. Batten, National Manpower Institute, Testimony in public hearings before the U.S. House of Representatives, Committee on Post Office and Civil Service, Sub-Committee on Civil Service, June 26, 1979.

[41]Cathal Mullan and Liam Gorman, "Facilitating Adaption to Change: A Case Study in Retraining Middle-Aged and Older Workers at Aer Lingus," Industrial Gerontology No. 15 (now: Aging and Work) (Fall 1972): pp. 20-39.

[42]For more information on this training method, see Meredith Belbin, The Discovery Method (Paris: Organization for Economic Cooperation and Development, 1969).

[43]Op. Cit., Rosenblum and Sheppard, p. 19.

[44]Roger DeCrow, Older Americans: New Uses of Mature Ability (Washington, D.C.: American Association of Community and Junior Colleges, 1978). Also see: American Education, Volume 14, No. 6 (July 1978); Social Policy, Vol. 7, No. 3 (November-December 1976); Roberta S. Lazes and Mildred V. Feldberg, "Community Counseling in an Adult Education Setting," Personnel and Guidance Journal, Vol. 57, No. 1 (September 1978): pp. 60-61; Murray H. Reich, "Group Pre-Retirement Programs: Whither the Proliferation?", Industrial Gerontology, Vol. 4, No. 1 (Winter 1977) (now: Aging and Work). The above are examples and by no means address the breadth of the literature in these areas.

[45]P.L. 95-254, 92 Stat. 1909.

[46]Ibid., Title III, Section 308, "Programs for Middle-Aged and Older Workers."

[47]Ibid, Title III, Section 301, "Special Programs and Activities."

[48]Benson Rosen and Thomas H. Jerdee, "Too Old or Not Too Old," Harvard Business Review (November-December 1977): pp. 97-106.

[49]Ibid., p. 97.

The National Institute for Work and Learning (formerly the National Manpower Institute) is a private, not-for-profit, policy research and demonstration organization established in Washington, D.C. in 1971. NIWL is concerned with encouraging public and private sector policies and practices that contribute to the "fullest and best use of the life experience"; with eliminating artificial time-traps which segment life into youth for schooling, adulthood for working, and the rest of life for obsolescence; and with a more rational integration of education, employment and training, and economic policy.

The officers of the National Institute for Work and Learning are:

Willard Wirtz, Chairman, Board of Trustees
Archie E. Lapointe, President
Paul E. Barton, Vice President for Planning and Policy Development

Worker Education and Training Policies Project staff include:

Gregory B. Smith, Project Director
Ivan Charner, Director of Research
Jane Shore, Policy Research Associate
Vivian Lee, Executive Secretary
Shirley Faye Epps, Project Secretary
Jamshid Momeni, Research Associate
Edward Cohen-Rosenthal, Project Officer
Francis Macy, Project Consultant
Julia French, Research Librarian

Dr. Herbert Levine, Director of the Labor Education Center at Rutgers University has assisted NIWL on this project as Senior Study Consultant. The project has been advised and informed as well by a National Advisory Committee of representatives from companies, unions, and education institutions.

Nevzer Stacey, Program Officer at the National Institute of Education in the Program on Educational Policy and Organization serves as the Project Officer for the Worker Education and Training Policies Project.